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WASHINGTON — The employment of President Nixon's 26-year-old nephew, Donald Nixon Jr., was the subject last year of a "Personal and Confidential" memo between two top aides of international financier Robert L. Vesco.

The memo, dated August 10, 1971, was written by Vesco's right-hand man in America, Gilbert R. J. Straub, to the right-hand man in Europe, Norman LeBlanc. Copies were sent to other top Vesco executives.

"With the agreement of Robert L. Vesco," wrote Straub, "I have secured the services of Don Nixon Jr. . . . Per our recent conversation, we have agreed to compensate him monthly as a 'consultant,' the mechanics to be determined by your good offices.

"It is thoroughly understood that Don is to be treated without preferential consideration, and I have assumed the responsibility for his actions and activities within the framework of his employment. Accordingly, any extraordinary or restrictive disciplinary actions, should they be required, should come through me."

In other words, the Nixon nephew wasn't supposed to receive special treatment, but no underlings had better try to discipline him. A source inside the Vesco operation tells us Donald not only was treated with deference but he also capitalized

on his relationship to the President.

Our source says the White House was apprehensive when Donald went to work for Vesco and stipulated that he should go on the payroll of International Controls Corporation rather than Investors Overseas Service. Although both companies are part of Vesco's financial empire, IOS had received bad publicity over some alleged stock manipulations. ICC, therefore, was more acceptable.

Not wishing to antagonize the White House, Vesco worked out the details of Donald's employment with Straub. As stipulated by Straub in his confidential memo, young Nixon "is to be an employee of mine acting within my corporate identity of ICC; . . . he is not in any way to be considered or reach the status of an IOS employee."

Vesco was anxious, according to our source, to prevent any embarrassment to the President. Donald, therefore, was assigned inconspicuous duties at first in Europe. But as Vesco got into increasingly hot water with the Securities and Exchange Commission, the temptation was irresistible to associate himself with the Nixons.

This culminated in the recent news reports that the President's nephew is now employed in the Bahamas as a personal aide to Vesco, himself, who has been accused of diverting \$224 million in mutual funds into companies he controls.

Footnote: When Donald first joined the Vesco organization, White House aide John Ehrlichman gave him a stern lecture, reminding him that he was the President's nephew and should do nothing to embarrass the President. Our repeated calls to young Nixon, Straub and LeBlanc were not returned.

COST OF MILK — Milk prices are expected to soar, thanks indirectly to the Russian wheat deal. Dairy farmers are bitterly complaining that the wheat shipments to Russia have them short of feed grain. This has pushed the cost of feeding their herds to exorbitant levels. Many dairymen have also been hurt by heavy rains, which have washed out attempts to grow their own feed. The farmers were promised emergency feed grain from the Agriculture Department, but it has been slow in coming. Reason: Transportation facilities have been tied up moving the Russian wheat to the coast for shipment.

POLITICAL ACTION — Joseph Blatchford, the director of Action which has taken over the old Peace Corps, has been spending an inordinate amount of time on "agency business" in the Los Angeles area. He keeps flying out to the West Coast to make speeches and deliver announcements. Last fall, he campaigned in the L.A. area for President Nixon. The reason for Blatchford's intense interest in Los Angeles, say associates, is a burning desire to be mayor. They recall that senators, before confirming him as Action's director in 1969, questioned whether he would use the office for political purposes. He solemnly denied any such roughish intention.

WASHINGTON WINDS — Hurricane Agnes victims are now trying to cope with the changing winds out of Washington. At first, they were allowed emergency money for temporary repairs on their homes. The contract stipulated that the temporary repairs "should be replaced by

permanent repairs at the earliest opportunity." Many victims, in an attempt to honor their contracts, took our SBA loans to make the repairs permanent. Now they have been notified that "SBA funds disbursed for such work already performed must be returned to SBA." This has produced such a controversy that the SBA again is reviewing its policy. As with most government indecision, the situation is now under "study." The study, of course, is expected to cost the taxpayers another estimated \$500,000.

DOUBLE DIPPING — We have told about the habit of retired officers to take a second government job and double-dip from the Treasury, collecting both their military pension and government pay at the same time. But of all the double-dippers we have encountered, the prize goes to retired Maj. Gen. John Freund who has turned up as head of Connecticut's National Guard. He now collects \$25,000 a year from the state and another \$22,000 in military retirement benefits. He also has two sedans at his disposal, one a state car, the other a military sedan. He makes free use, too, of the Guard's small air fleet. "I very frequently take a helicopter to work from my home," he acknowledged candidly. "It takes only 18 minutes." The pilots, he explained, need the flight time